



*Annual Report*  
1980

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*One of America's  
most resourceful  
electric utilities.*

## Comparative Highlights

|   | FY 80             | FY 79             | % Change |
|---|-------------------|-------------------|----------|
| Energy Sales (Million Kwh)                    | 6,298             | 5,953             | 5.8      |
| Peak Demand* (Megawatts)                      | 1,508             | 1,352             | 11.5     |
| Customers Served                              | 49,529            | 47,151            | 5.0      |
| Average Annual Residential<br>Consumption Kwh | 12,151            | 12,097            | .4       |
| Average Residential Cost per Kwh              | 3.73 <sup>c</sup> | 3.44 <sup>c</sup> | 8.4      |
| Operating Revenue                             | \$151,793,383     | \$135,697,426     | 11.9     |
| Gross Income                                  | \$157,317,598     | \$140,612,400     | 11.9     |
| Electric Operating Expenses                   | \$109,997,185     | \$103,928,136     | 5.8      |
| Gross Expenses                                | \$135,911,198     | \$129,821,871     | 4.7      |

\*Calendar Year

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*Robert S. Davis*

## Message From The President

Typically, companies which produce a commodity for the public begin a new decade with a spirit of renewal, a reevaluation of the data and a reorganization with which they were charged by their investors and a feeling of newly developed plans for the future. You will find business in

reading this report, that Service Company began preparation for the 1980's long ago and has planned and is well equipped to meet the challenges set before it, not only for the next 10, but also for the next 30 years.

Our energy sales continue to grow, shows the annual average, the past fiscal year was a 2.8 percent increase over fiscal 1979, compared to the regional average which decreased 0.3



## Message From The Chairman of The Board

Providing an adequate energy supply through a combination of well planned growth, expansion, and conservation has been the major challenge faced by Santee Cooper during fiscal year 1980.

As the national economy tightened under the increased pressures of inflation and recession, growth in the national consumption of and demand for electric power reduced drastically. Such was not the case, however, throughout Santee Cooper's service area. Here, industrial development and expansion climbed further to record-setting levels, unemployment dropped to less than half the national average, and commercial and home construction defied rapid rises in interest rates. Brisk business expansion and tourism development, particularly along South Carolina's fabulous Grand Strand, has maintained a pace parallel with the Sun-Belt growth phenomenon.

Amidst this scenerio of business optimism, Santee Cooper is the major source of energy and has become one of the three fastest growing electric utilities in the nation.

Meeting these demands for increased power and customer services has required expansion of our generation,

transmission, and distribution system, effective long range planning, and a program of construction management that can respond with flexibility to the changing economic situation.

While this quantity and quality of growth has been accomplished, effective and resourceful management has produced revenues sufficient to meet the costs of operations and maintain rates to our customers at a reasonable level.

The key to this successful operation is the combination of a conscientious board of directors, dedicated employees, and a professional management team. Their teamwork and commitment for excellence are the major factors in maintaining Santee Cooper as an important source of energy for the state and one of South Carolina's greatest assets.

This report summarizes many of the highlights and achievements by Santee Cooper during a year of successful growth and progress. It also presents a series of perspectives by members of our management team on the challenges and opportunities faced by Santee Cooper as we enter the exciting and changing decade of the 80's as one of America's most resourceful electric utilities.

*Robert S. Davis*

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## Message From The President

Typically, companies which produce a commodity for the public begin a new decade with a spirit of renewal, a reaffirmation of the duties and responsibilities with which they were charged by their founders, and a revealing of newly developed plans for the future. You will find, however, in

reading this report, that Santee Cooper began preparation for the 1980's long ago, and has planned and is well equipped to meet the challenges set before it, not only for the next 10, but also for the next 20 years.

Our energy sales continue to grow above the national average; the past fiscal year saw a 5.8 percent increase over fiscal 1979, compared to the national average which decreased 0.3

percent. New heights also were reached with our calendar year peak demand, 1,508 megawatts, an 11.5 percent increase over 1979. Residential consumption of electricity by customers served directly increased only 0.4 percent, indicating the effects of more efficient use of energy.

Responding to our present and future corporate needs, Santee Cooper's board of directors approved short-term financing by issuing \$50 million of electric revenue notes at 5.5 percent interest in June. Earlier, \$75.0 million of electric system expansion revenue bonds were issued to finance the estimated costs of construction of Winyah Unit No. 4.

Our progressive system of advance planning has enabled Santee Cooper to realize its goal of providing reliable electric power as the need arises for both residential and industrial consumption. During the year, Winyah's Unit 3 came on line, while many miles away, construction began on a 450 Mw coal-fired generating station near Cross, S.C. The Summer Nuclear Plant at Parr, S.C., of which we will have one-third ownership, continued to progress toward completion in 1982.

In support of this rapidly changing electric generation picture, we continued to seek new methods of analyzing and solving new challenges. Our existing computer hardware reached its capacity much earlier than expected, for example, and has already been replaced by equipment with increased capabilities which are assisting us in all aspects of operations.

Our efforts to more fully utilize our natural resources, and those once thought to be waste, continue to expand. An example is cooling water discharged from our generating stations. The heat picked up by the cooling water is now being used for

raising marketable seafood products, and a study program has been developed to investigate the year-round growing of flowers and seasonal food crops.

To accommodate our personnel growth necessary to meet our customers' expanding requirements, Santee Cooper expects to occupy its new headquarters complex in the fall of 1981. The property adjacent to our complex contains a section of the old Santee Canal constructed in the late 1700's. We are conducting a study to determine methods of preserving this historical landmark while creating a natural area for the public to enjoy. Similarly, Santee Cooper was pleased to cooperate with the South Carolina Wildlife and Marine Resources division Department in designating an island in Lake Marion as a Heritage Trust Site to protect several species of endangered wading birds during their breeding periods.

We are providing and will continue to provide quality electric service at rates consistently below the national average while maintaining a healthy debt service coverage.

One of the hallmarks of our success was the start of Alumax, the largest industry ever to locate in South Carolina, which came on line with Santee Cooper power in June, 1980. We believe Alumax, Inc., a \$400 million industrial project, is but the beginning of an industrial boom in which we will play a major part.

While a major element in any report on Santee Cooper is growth, success in keeping ahead at that growth requires astute long-range planning and day-to-day operating by a strong professional work force and management team. We have that work force and management team, and they have stayed ahead of growth for the past 46 years. Our record proves it.



We are ready for the future. In this report, members of our management team will express their perspectives on some of the major challenges which we face as we proceed through the 80's and how Santee Cooper plans to meet them.

As in the past, future efforts at supplying electrical power, making the most of our resources, and planning conservation programs for the benefits of our customers continue to require our most conscientious, whole-

hearted efforts.

We are all excited about Santee Cooper's future and we're working to most effectively plan and manage its growth. This is our greatest challenge.

It is a challenge which has been and will continue to be met through people — the people who work for Santee Cooper and the people for whom we will supply energy in the future.

*William C. Mescher*

## Production

### Generation and Load Growth:

Santee Cooper facilities generated 6,634,109 net Mwh of electricity this year, an increase of 604,659 Mwh over last year, for a 10.03 percent growth.

Of this power, 87.4 percent was produced by coal, 0.2 percent by oil and gas, and 12.4 percent by hydro generation.

Santee Cooper's coal-fired generating units are Winyah, near Georgetown; Jefferies, near Moncks Corner and Grainger in Conway.

Oil-fired units are the two at Jefferies, five combustion turbines at Myrtle Beach, and three at Hilton Head Island.

Hydroelectric power is generated by five units at the Jefferies Station and one unit at the Santee Spillway.

### Maintenance and Operations:

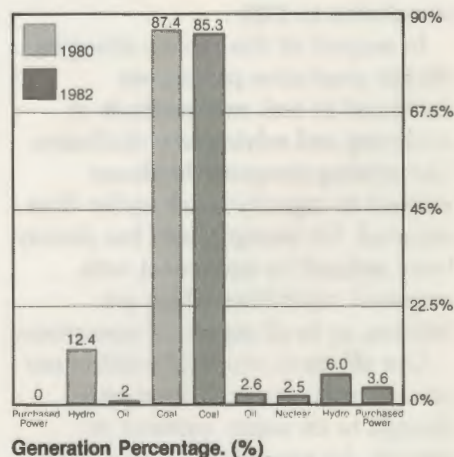
A combustion turbine located at Myrtle Beach was converted to dual oil-gas fuel capability for more economic operation. Training programs were conducted for all operations and maintenance personnel to improve generation reliability and efficiency.

### Station Construction:

Winyah Unit No. 3, a 280 Mw coal-

fired unit located near Georgetown, entered commercial operation in May, 1980. Winyah Unit No. 4 was 44 percent complete at the end of the fiscal year, and is scheduled to begin service in the Spring of 1981.

Construction has begun on the first 450 Mw coal-fired unit of a new generating station to be constructed at a site near Cross, S.C., located between Lakes Moultrie and Marion. This unit is scheduled for commercial operation in May, 1983. A second, identical unit is scheduled for commercial operation in November, 1986.



### Environmental, Licensing, and Testing:

Santee Cooper has maintained

compliance with all state and federal emission regulations through documented testing and continuous monitoring. New testing techniques are being developed to evaluate generating equipment performance and efficiency. Considerable efforts are being made to increase awareness of and compatibility with environmental considerations.

### Summer Nuclear Project

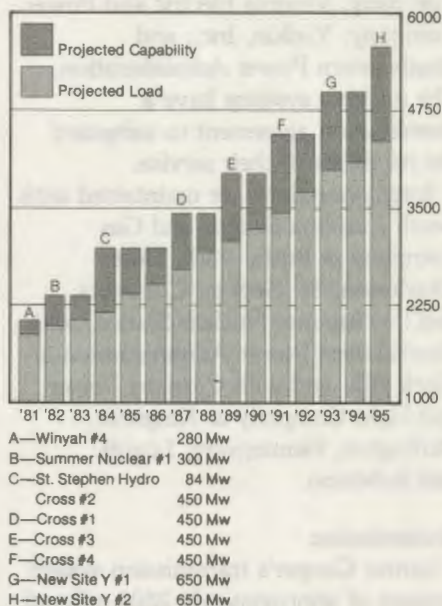
During the past year significant construction progress was made on the V. C. Summer Nuclear Station. At the end of June, 1980, construction was approximately 93 percent complete.

Santee Cooper is a one-third owner of this 900 megawatt generating station, and will receive 300 megawatts of its output. South Carolina Electric & Gas Company (SCE&G), which owns two-thirds of the project, acts as agent for Santee Cooper in its design, construction, licensing, operation, and maintenance. The Summer Station is currently in the operating license review stage with commercial operation expected in June, 1982.

The accident at Three Mile Island Nuclear Station in March, 1979, continued to affect all nuclear projects in the United States. The Summer Nuclear Station has made numerous changes and modifications to satisfy new safety requirements mandated by the Nuclear Regulatory Commission during the past year, and additional changes in regulatory requirements are likely to result from ongoing analyses of the accident. In particular, the NRC has delayed the issuance of new operating licenses and construction permits, which could delay licensing of the Summer Project.

The legal action regarding nuclear fuel supply, which was filed against Westinghouse Corporation in October, 1975, was concluded in April, 1980,

when the parties agreed to settle the lawsuit. The settlement agreement generally provides for a cash payment by Westinghouse to SCE&G and Santee Cooper, and for Westinghouse to supply certain quantities of uranium concentrates, as well as various discounts on fuel fabrication, goods, and services. The U. S. District Court imposed confidentiality on the details of the settlement and will retain jurisdiction over the parties and agreement until final compliance is realized. This settlement will now permit a more orderly approach to fuel procurement and fabrication consistent with the needs of the Summer Project.



**Load & Capability Forecasts  
1981-1995**



# System Operations

## Reliability

Santee Cooper is one of the 30 member organizations in the Southeastern Electric Reliability Council (SERC), which includes all power suppliers in the region with a generating capacity of 25 Mw or more. The Council assists member systems in coordinating overall planning and studies to achieve maximum reliability.

Santee Cooper is also one of seven power systems in the Virginia-Carolinas Reliability Group (VACAR), which includes South Carolina Electric and Gas Company, Carolina Power and Light Company, Duke Power Company, Virginia Electric and Power Company, Yadkin, Inc., and Southeastern Power Administration. The member systems have a coordination agreement to safeguard the reliability of their service.

Interconnections are maintained with South Carolina Electric and Gas Company at Bushy Park, North Charleston, St. George, Columbia, and the Summer Nuclear Station; with Southeastern Power Administration at Clark Hill; and with Carolina Power and Light Company at Kingstree, Darlington, Hemingway, Lugoff, and Robinson.

## Transmission:

Santee Cooper's transmission system consists of approximately 2800 miles of lines with voltages ranging from 34 through 230 Kv. The transmission system extends through 35 of the state's 46 counties, providing service to two municipalities, three military installations, 24 industrial customers, and 15 electric cooperatives.

The transmission system is being reinforced with a 230 Kv network for bulk power transfer. As part of this program, 75 miles of 230 Kv lines

from the Winyah Generating Station to the Jefferies Switchyard and from there to the Carnes Crossroads Substation and the Alumax plant were recently completed. Engineering design is underway for 97 additional miles of 230 Kv lines from Winyah Generating Station to the Charity Substation and to the new Hemingway and Marion Substations; for 90 miles from the Cross Generating Station to the Jefferies Switching Station, Kingstree Substation, and Carnes Crossroads Substation; and for 62 miles from Carnes Crossroads to Yemassee, the site for a new substation.

Santee Cooper has approximately 73 transmission and distribution substations and switching stations with 235 delivery points. Approximately 6 billion kilowatt hours of electricity were delivered to customers through these facilities last year. One new industry and four new cooperative substations were added to the transmission system.

## Flood Control:

Santee Cooper conducted spilling operations for 35 days during the months of March and April, 1980 as part of its flood control program.

The maximum daily average inflow which occurred on March 31, 1980 resulted in the flood crest on the lower Santee River being reduced to about 52 percent of what it would have been without Santee Cooper's flood control operations.



# Generation System

Where The Power Comes From.

## Station Specifications

| Generating Unit                  | Location         | Generating Capacity | Fuel  | Began Commercial Operation | Const. Cost in Millions |
|----------------------------------|------------------|---------------------|-------|----------------------------|-------------------------|
| Jefferies Hydro<br>#1,2,3,4, & 6 | Moncks Corner    | 128 Mw              | Hydro | 1942                       | \$ 58.6                 |
| Santee<br>Spillway               | Wilson's Landing | 2 Mw                | Hydro | 1950                       | .4                      |
| Jefferies<br>Steam #1 & 2        | Moncks Corner    | 92 Mw               | Oil   | 1954                       | 15.7                    |
| Combustion<br>Turbine #1 & 2     | Myrtle Beach     | 20Mw                | Oil   | 1962                       | 2.9                     |
| Grainger<br>Steam # 1 & 2        | Conway           | 170 Mw              | Coal  | 1966                       | 29.2                    |
| Jefferies<br>#3 & 4              | Moncks Corner    | 320 Mw              | Coal  | 1970                       | 54.9                    |
| Combustion<br>Turbine #3 & 4     | Myrtle Beach     | 40 Mw               | Oil   | 1972                       | 4.5                     |
| Combustion<br>Turbine #1         | Hilton Head      | 20 Mw               | Oil   | 1973                       | 2.7                     |
| Combustion<br>Turbine #2         | Hilton Head      | 20 Mw               | Oil   | 1974                       | 2.2                     |
| Winyah<br>Steam #1               | Georgetown       | 280 Mw              | Coal  | 1975                       | 66.3                    |
| Combustion<br>Turbine #5         | Myrtle Beach     | 28 Mw               | Oil   | 1976                       | 2.7                     |
| Winyah<br>Steam #2               | Georgetown       | 280 Mw              | Coal  | 1977                       | 72.7                    |
| Combustion<br>Turbine #3         | Hilton Head      | 56 Mw               | Oil   | 1979                       | 9.8                     |
| Winyah<br>Steam #3               | Georgetown       | 280 Mw              | Coal  | 1980                       | 121.5                   |

## Generating Units Planned & Under Construction

| Generating Unit  | Location   | Capacity | Commercial Operating Date | Fuel Type | Proposed Construction Costs* |
|------------------|------------|----------|---------------------------|-----------|------------------------------|
| Summer Nuclear** | Parr       | 300 Mw   | June 1982                 | Nuclear   | 304.2                        |
| Winyah #4        | Georgetown | 280 Mw   | May 1982                  | Coal      | 125.2                        |
| Cross #2         | Cross      | 450 Mw   | May 1984                  | Coal      | 385.6                        |
| Cross #1         | Cross      | 450 Mw   | Nov 1986                  | Coal      | 318.8                        |

\*Excludes interest costs

\*\*One-third ownership; being jointly constructed with South Carolina Electric & Gas Company

## Transmission

*Where The Power Goes.*

### Industrial Customers

Albany International Corp.  
 Alumax of South Carolina, Inc.  
 Amoco Chemicals Corp.  
 Andrews Wire Corp.  
 A. O. Smith  
 AVX Ceramics Corp.  
 C. R. Bard, Inc.  
 Georgetown Steel Corp.  
 Georgia-Pacific Corp.  
 Giant Portland Cement Co.  
 Grove Mfg. Co.  
 International Paper Co.  
 Loris Mfg. Co.  
 Macalloy, Inc.  
 Mobil Chemical Co.  
 Plusa, Inc.  
 Santee Portland Cement Co.  
 Uniroyal, Inc.  
 United Merchants and  
 Manufacturers, Inc.  
 Waccamaw Clay Products Co.  
 Waccamaw Lumber Co.  
 Wellman Industries, Inc.

### Military Installations

Charleston Air Force Base  
 Charleston Naval Shipyard  
 Myrtle Beach Air Force Base

### Municipal Distributors

Bamberg  
 Georgetown

### Retail Customer Area

Bonneau Beach  
 Cherry Grove  
 Chestnut Hill  
 Conway  
 Crescent Beach  
 Garden City  
 Litchfield Beach  
 Loris  
 Moncks Corner  
 Myrtle Beach  
 N. Myrtle Beach  
 Ocean Drive  
 Pawleys Island  
 Pinopolis  
 St. Stephen  
 Surfside

### Electric Cooperative Distributors

Aiken Electric Cooperative  
 Berkeley Electric Cooperative  
 Black River Electric Cooperative



Coastal Electric Cooperative  
Edisto Electric Cooperative  
Fairfield Electric Cooperative  
Horry Electric Cooperative  
Lynches River Electric Cooperative  
Marlboro Electric Cooperative

Mid-Carolina Electric Cooperative  
Newberry Electric Cooperative  
Palmetto Electric Cooperative  
Pee Dee Electric Cooperative  
Santee Electric Cooperative  
Tri-County Electric Cooperative

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## *Energy Sales*

The number of Santee Cooper residential, commercial, and small industrial customers totalled 49,501, an increase of 2,377 over the previous year, or about 5.0 percent growth. Sales to these customers totalled 1,002 gigawatt hours of electricity, up 3.7 percent over the previous year. This compares to the previous year's growth of 6.5 percent in the number of customers, and 1.5 percent in kilowatt-hour sales.

Sales to large industrial customers increased 5.7 percent, compared to 24 percent increase the previous year. This is attributed mainly to the increased load in 1979 of 204 million kilowatt-hours by Amoco Chemical's new Cooper River Plant, where consumption in 1980 continued at 273 megawatt-hours. Sales to the U. S. Air Force bases at Charleston and Myrtle Beach and to the Charleston Naval Shipyard decreased 3.2 percent, compared to 2.2 percent decrease the previous year. More rigid conservation throughout all federal government installations is responsible for this trend.

Sales to 15 of the state's 20 electric cooperatives through Central Electric Power Cooperative and to the municipalities of Georgetown and Bamberg were 3,100 gigawatt hours, an increase of 7.6 percent over the previous year. The electric cooperatives and municipalities distribute Santee Cooper power to more than 220,000

customers in 35 of the state's 46 counties.

## **New Building**

Construction of a new \$17 million headquarters complex in Moncks Corner for Santee Cooper began in November, 1979. The complex, consisting of a 125,000 square foot office building, energy control center, warehouse, field service center, and transportation services center, will replace all existing Moncks Corner facilities which will be purchased by Berkeley County to house some of its overcrowded government operations.

The new facilities will result in more efficient operations designed to better serve Santee Cooper's growing number of customers.

The design of the buildings is a model of energy efficiency, using some of the most advanced technologies available in the areas of lighting, heating and cooling, ventilation, insulation, and space utilization. The seven-story office building will be one of the most energy-efficient office buildings in the United States, and all buildings within the complex will exceed the Building Energy Performance Standards established by the U. S. Department of Energy.

Santee Cooper plans to move into these new facilities in the Fall of 1981.

# Commercial Operations

## Energy Management

Santee Cooper's Energy Management Program is designed to assist customers with their efforts to use electricity and other energy forms more efficiently. The program satisfies both the consumer's desire for conservation as well as Santee Cooper's desire to reduce peak load growth. Individualized conservation recommendations for residential and commercial customers are provided through energy audits, development of energy management plans, and related information.

Improved thermal design and greater use of energy efficient heat pumps are being achieved through Santee Cooper's Energy Efficient Home Awards program. The Certified Heat Pump Dealers Program has been very successful in achieving energy conservation through quality design and installation.

Presentations were made to business, civic, and professional groups, and brochures and advertising were produced to increase energy awareness and provide customers with general information about the efficient use of electric power. A film library and variety of programs for school groups were expanded and are being utilized at an increasing rate as educational resources. Santee Cooper has continued its co-sponsorship with other utilities of the program, "Energy Today and Tomorrow," to students in secondary schools. This program, produced and presented by Oak Ridge Associated Universities, is designed to increase energy awareness among tomorrow's leaders.

A program to provide free shower flow restrictors (a device to save both water and the energy required to heat

it) to customers was highly successful. The program was expanded to include customers of a number of the electric cooperative and municipal distributors of Santee Cooper power. Cooperation in distribution of the energy and water saving devices was received from all municipalities in our service area and the Hotel/Motel Owners Association on the Grand Strand. It is estimated that the flow restrictors' installation achieved a saturation of approximately 50 percent.

Santee Cooper is defined by the National Energy Conservation Policy Act of 1978 as a "covered utility" and, as such, is subject to the provisions of the Act. The requirement for offering energy audits and other consumer benefits to all residential customers is specified in the Act. Santee Cooper has developed a plan for providing these services. The proposed plan is awaiting approval by the U. S. Department of Energy.

## Corporate Communications

Effective and timely communications with employees, customers, and the public. Increased awareness and understanding of Santee Cooper's operations and activities. Attention-getting and motivating promotions for efficient energy use. These were the major goals of Santee Cooper's public relations program under the direction of Corporate Communications.

NEWSBRIEFS was introduced as a weekly publication to provide timely information to employees and retirees on official information about company operations, activities, and achievements.

Following the accident at Three Mile Island, Corporate Communications Director Jerry Stafford was assigned for two months to the Committee for Energy Awareness, a national energy communications task force in



Washington, D. C., created to communicate positive and objective information about nuclear power and the national energy picture. While on the Committee, Stafford was Executive Producer of "Nuclear Power — Where Do We Stand?", a 30-minute special TV report distributed nationally to more than 150 television stations.

Recognition was achieved for Santee Cooper's communications programs and efforts in 1979. The Charleston Advertising Federation selected the Company's advertising campaign promoting efficient energy use as First Place and Best of Show in its annual competition.

Santee Cooper's annual report for 1979 was judged by the American Public Power Association as First Place winner among its largest utility members, those with more than \$50 million annual revenue.

#### **Aquaculture:**

In its application of waste heat technology, the Aquaculture Section constructed an Aquaculture Center consisting of five raceways, a hatchery building, and eighteen broodstock and fingerling ponds at the Winyah Generating Station. Approximately one-million Tilapia fingerlings were produced at the Aquaculture Center using generating station cooling water. The Tilapia is a "tropical" fish unable to survive in waters cooler than 55 degrees. It would pose no threat to South Carolina waters if it were to escape to the wild. The fish are being sold to farmers and other utilities for weed control use. Sales may also be made to fish markets and to food and feed processors. In a cooperative agreement development with the State Marine Resources Research Institute, eels and large freshwater Malaysian Prawn are being raised at the Center to

evaluate their potential for commercial fish farming in South Carolina.

#### **Agriculture:**

Research and development for greenhouse production using residual heat from generation station cooling water was approved by the Board of Directors, and a pilot scale demonstration unit is being constructed near the Aquaculture Center at the Winyah Station. The demonstration greenhouse will consist of a rigid frame, fiberglass panel house 30 feet wide by 108 feet long containing three separate bays. Three different heat exchange systems and a variety of horticultural crops will be evaluated and a mini-computer will be installed for data collection and system operations. This study program is being conducted in conjunction with Clemson University and is designed to evaluate the potential of a large scale commercial greenhouse production program in the 80's.

#### **Project Lands**

The Land Management Division administers 4,001 leases around the Santee Cooper lakes. These include 2,958 recreational lots in Santee Cooper subdivisions, 916 marginal lots adjacent to privately owned subdivisions, 86 commercial lots, seven miscellaneous leases, and 34 gratis leases to public and quasi-public entities. Revenue from these property leases in 1979 totalled \$499,528.

The appearance of Santee Cooper subdivisions and shoreline areas has greatly improved as a result of the Division's inspection and compliance program which began in 1976. The pier-permitting process has also been greatly streamlined by the U. S. Army Corps of Engineers with the issuance of a general permit to Santee Cooper

covering all construction and maintenance of piers, wharves, docks, sea walls, and other structures. Forty-seven permits were issued during the year for piers and docks, along with 546 permits for other structures.

Revenue from forest products and agricultural leases in 1979 totalled \$115,489.

A Natural Area Management Plan was developed by the Forestry and Undeveloped Land Section, setting aside more than 18,000 acres possessing natural and unique characteristics. One hundred and eighty-one sites are designated in the plan, including islands, unique shoreline areas, and the upper Santee Swamp.

Included as part of the plan was Bird Island, located in Lake Marion. The island was registered as a South Carolina Heritage Site by the S. C. Wildlife and Marine Resources Department. As many as 1,500 pairs of birds inhabit the island each year; it is one of only three large inland wading-bird rookeries in the state.

#### **Water Quality Management:**

Environmental Resources assisted South Carolina Electric & Gas Company in the control of noxious aquatic weeds in and near the intake structure at SCE&G's Williams Generating Station at Bushy Park on

the Back River Reservoir. More than 150 surface acres were successfully treated, and generating efficiency was restored.

Environmental Resources personnel also coordinated with the Governor's staff in the development of an executive order creating a lead agency and an interagency aquatic plant management council to develop and implement a statewide control program.

Research, field management studies, and water quality monitoring were conducted in Lakes Marion and Moultrie, in cooperation with Clemson University, Union Carbide Co., Pennwalt Corp., Eli Lilly Co., and the U.S. Army Corps of Engineers. This research is aimed at solving water quality problems in the decade of the 80's.

#### **Mosquito Abatement:**

Integrated pest management activities throughout the five county area of the project were conducted by Environmental Resources. Field management research studies were conducted on the biological agent, *Bacillus thurengensis*, in cooperation with Sandoz Corp., for the biological control of mosquito larvae. This organism appears to be environmentally safe and offers much promise for use during the 1980's.

## **Service Territory**

#### **Moncks Corner:**

The Moncks Corner District provides service to customers in Moncks Corner, St. Stephen, and the areas of Pinopolis and Bonneau Beach. The number of customers increased 1.01 percent in 1980 to a total of 4,111 and their energy consumption went up 3.24 percent.

In addition to normal load growth,

there were expansions of three county schools, which were converted from overhead to underground electrical service. New commercial establishments included Farmers and Merchants Bank and First Federal Savings and Loan Association.

#### **Myrtle Beach:**

Customers served in the Myrtle Beach District reside in the towns of Myrtle Beach, North Myrtle Beach,



Surfside Beach, Atlantic Beach, Briarcliffe, and all other areas along the Grand Strand between Georgetown and the North Carolina line. Included in these fast growing areas are the communities of Arcadian Shores, Garden City, Little River, Pawleys Island, Litchfield, and Lower Waccamaw Neck.

While the number of customers in the district increased 6.41 percent to a total of 37,326, energy sales increased only 5.23 percent. The smaller increase in the sale of energy, compared to growth in the number of customers, can be attributed to increased conservation, due mostly to efforts of District Operations programs and activities in promoting more efficient energy use through education, audits, and personal assistance.

Major construction in the district during the year included 1,100 condominium units, 350 single-family structures, 260 mobile home hook-ups, 55 permanent campsites, a 21-business shopping center, five restaurants, two savings and loan buildings, and numerous small businesses. All new subdivisions added during the year are being served from underground facilities.

Major system improvements included increasing the capacities of three substations and upgrading distribution feeders along with the extension of approximately 11 miles of new feeder lines. This construction, along with other major improvements scheduled for the near future, will improve system reliability and provide capacity for future growth in the district.

The Myrtle Beach District is enjoying a healthy rate of growth in both commercial and residential customers. Tourism and the attractiveness of the area for retirement promise continued development for the future.

## Conway:

Customers in the Conway District service area include those in the towns of Conway and Loris, the Red Hill, Bucks Port, and Gurly communities, and areas surrounding these locations.

The number of customers in the district increased 1.12 percent, to 8,064, while the sale of energy decreased 2.35 percent from the previous year. This decrease is believed to be due to efforts by Santee Cooper's Energy Management Specialists in encouraging customers to conserve energy.

Major construction in the district during the year included the conversion of the distribution system in Loris from 4 Kv to 12 Kv and providing underground services to two new buildings at the University of South Carolina's Coastal Campus, Burning Ridge Golf Course, Quail Creek Village (70 units), Turtle Creek Subdivision (60 lots), two additions to projects for Conway Housing Authority (80 units), and an addition to Waccamaw Pottery.

# Industrial Development

Industrial development in Santee Cooper's service territory leads the state in terms of capital investment. Berkeley County alone has topped the one-billion dollar mark in this category with large investments in aluminum, chemicals, synthetic fibers, wood, wool, metal fabrication, and other manufacturing. Elsewhere in its service territory, steel, brass, ceramic products, paper, cement, solid state electronics, and textiles are among the key industrial products manufactured using Santee Cooper power.

On June 16, 1980, Alumax of South Carolina Inc., established history by pouring the first aluminum ever manufactured in the state. As Santee Cooper's largest industrial customer, Alumax also became the largest single industrial investment ever made in South Carolina.

Alumax and other industrial customers have become important industrial resources for attracting related manufacturing development. The first of these, Jim Walter Metals, Inc., for example, began construction of an aluminum product plant adjacent to the Alumax facility near Goose Creek. At Alumax and at Amoco Chemical's Cooper River Plant, industrial parks have been developed and will attract a variety of related and supporting industries.

During the past year, Santee Cooper has had more diversified industrial prospects looking at our area for possible future plants sites than at any time during the history of Santee Cooper.

Consumption of electricity by Santee Cooper industrial customers increased 5.72 percent in 1980, reflecting an

optimistic attitude about the economy and business climate in Santee Cooper's service territory.

Santee Cooper's first power generated in 1942 was delivered to an industrial customer. From less than 100,000 megawatt hours that first year, annual sales to industrial customers increased to .204 million Mwh in 1950, .489 million Mwh in 1960, .928 million Mwh in 1978, and 1.89 million Mwh last year.

Santee Cooper did not become actively involved in promoting industrial growth and expansion throughout its service until the 1960's, when it was begun as an important means of stimulating economic development.

Projections developed in a 20 year load and energy study conducted by Ebasco Services, Inc., forecast an average annual increase in industrial energy sales of about 7.8 percent. This is based upon projected increases in annual sales to Alumax from 951,000 Mwh in 1980 to 2.5 million Mwh in 1981, at 2.8 million Mwh in 1982, and holding at that level until 1999.

Excluding Alumax, the Ebasco study forecasts a 5.7 percent average annual growth rate in industrial power sales over the same 20 year period.

From 1.89 million Mwh of industrial sales in 1980, Ebasco forecasts an increase to about 6.6 million Mwh in 1990 and 8.6 million Mwh by 1999 including the Alumax projection.



# Industrial Relations

As Santee Cooper continues its record growth of energy sales and customers served, the necessary expansion of the Industrial Relations function has placed increased emphasis upon the corporate philosophy that our most important resource is *PEOPLE*. Effective employee relations is of major importance in the administration of compensation, training, occupational health, employment, and other personnel functions.

## Employment:

The total number of employees increased to 967. Two hundred and fifty-two new employees were hired and 167 were promoted. The major reason for this employee growth rate was the staffing for operation and maintenance of the Winyah Generating Station Unit No. 3 and the expanding transmission, substation, and distribution system.

The recruiting program was expanded to include national, regional, and local advertising, intensive college and technical school recruiting, and participation in Career Day programs. A regular program of on-site recruiting was initiated in the Georgetown area.

Emphasis also continued on Santee Cooper's Cooperative Education and Career Foundation programs.

## Equal Employment Opportunity Commitment:

Employment, compensation, promotion, and other related decisions are based solely on job-related qualifications without regard to race, color, sex, religion, national origin, age, or handicap.

Employee representatives participated in minority recruitment and equal

employment opportunity supervisory training programs. In addition, new affirmative action goals were established.

## Suggestion Program:

Santee Cooper's suggestion program had its most productive year since its inception. From among 108 suggestions submitted in 1980, 16 awards were presented totalling \$675. These new ideas saved the Company thousands of dollars and hundreds of man hours, and increased efficiency of operation, safety, and morale.

The "Suggestion of the Year" alone has saved the company an estimated \$5,000 in annual operating cost.

## Employee Benefits:

Changes in the comprehensive Santee Cooper employee benefits program included the addition of outpatient diagnostic coverage to the group health insurance plan and an increase in tuition aid benefits. A pre-retirement counseling program was offered to those employees who are within two years of retirement.

## Training and Development:

The training and development function completed its first full year as a centralized operation. Major emphasis was placed in this area and a large number of training programs were completed which involved over 500 employees.

An in-house power plant steam and mechanical fundamentals course was initiated and taught at all generating stations. Other new courses coordinated and taught included electrical and instrumentation, welding, engineering design, soil mechanics and foundations, and elements of management. Also, a standardized new employee orientation program was developed and implemented.

**Occupational Health:**

The occupational health program is conducted by full-time registered nurses and the company physician who is employed by Santee Cooper on a part-time basis. Contract physicians on a part-time basis were also employed at Georgetown, Conway, and Myrtle Beach.

Occupational health evaluations, including pulmonary function assessment, hearing evaluations, diabetes checks, and hypertension surveillance, were provided for approximately 300 employees. Successful blood donor drives were conducted, and first aid/cardio-pulmonary-resuscitation training was provided for more than 200 employees.

**Wage and Salary Administration:**

The practice of "pay for performance" continues as the keystone of Santee Cooper's compensation program. Emphasis is placed on external competitiveness and internal equity. Area and regional trends are monitored to maintain a wage and salary program competitive with local industry.

Numerous meetings were conducted with employees in 1979 to provide a comprehensive understanding of the wage and salary program.

**Career Foundation Program:**

Two engineers were added to the Career Foundation program, which has been expanded to five positions. Rotating on temporary assignments throughout the company, participants gain a broad base of experience as they are developed to fill staffing demands created by Santee Cooper's increased growth and expansion.

**Cooperative Education Program:**

In a relatively new program designed to upgrade the quality of graduates

leaving higher education, college students combine work experience with education. Two local college engineering students participated this year in the cooperative education program with assignments in the metering section and the Jefferies Generating Station.

**Safety**

For the tenth time in 16 years, Santee Cooper was recognized for having the best safety record in the nation among the largest public-owned electric utilities, winning the American Public Power Association's first place safety award for utilities operating in excess of one million man-hours annually.

Santee Cooper units received a total of twenty-seven awards for safety from the National Safety Council. Jefferies Generating Station received the "Award of Merit" for operating 1,568,160 man-hours without a disabling injury. The "President's Safety Award" for crew and section safety in operating under hazardous conditions without a disabling injury during 1979 was earned by 67 crews and sections. Nine of these awards were for 14 consecutive years of safe service.

"Safe Service Award" pins were presented to 135 employees for working five to 35 years without a disabling injury. Safe driving awards were presented to 118 drivers of company vehicles for driving without a preventable motor vehicle accident for periods ranging from five to 38 years.



## Finance and Accounting

The Finance Department's thrust during the year centered on responding to both present and future corporate needs.

During the year, Management Information Systems added new computer programs and equipment which improved the efficiency and accuracy of Santee Cooper's data processing. Santee Cooper's communications network was expanded and accessibility to the computer records developed using terminals located throughout the main office building and remote branch offices.

Plans were announced for installing an IBM 370/158 computer, with increased capacity, which will increase Santee Cooper's processing capabilities. This computer, along with additional disc storage devices, will be in use by October 15, 1980. The additional computer capacity will provide critical support to many departmental operations, particularly in the long-range planning done by System Planning and Corporate Forecasting.

Corporate Forecasting's computer modeling system, SIMPLAN, was used to design a comprehensive forecasting model for Santee Cooper's long and short-range financial planning. The new system presents Santee Cooper's financial position under varying conditions in order to aid in determining potential problems and opportunities; it helps define critical factors affecting Santee Cooper's financial position; and it reduces the time required to evaluate alternatives of planned and unplanned events.

In June, 1980, the board of directors approved short-term financing through issuance of \$50 million of electric revenue notes, at 5½ percent interest

and due December 1, 1983.

On March 27, 1980, \$75 million of electric system expansion revenue bonds were issued at a net interest cost of 10.09 percent. The major purpose of this issue is to pay a portion of the costs of construction of Unit No. 4 at the Winyah Generating Station.

Since Santee Cooper was created in 1934, a net amount of \$1,063,170,000 has been invested in its production, transmission, distribution, and general plant facilities. These capital additions have been financed through net revenues, issuance of electric revenue bonds, lease contracts, and a federal grant-in-aid of \$34,438,000.

Santee Cooper's net revenues before taxes since the first power was generated in 1942 total \$134,097,000. Payments in lieu of taxes have been made to the State of South Carolina totalling \$17,023,000 and to the counties and municipalities within our service territory totalling \$5,905,000. The remaining net revenues of \$111,169,000 have been reinvested in generating facilities and other system improvements.

Revenue bonds totalling \$1,232,594,000 have been issued since the creation of Santee Cooper. Bonds which were originally issued in 1949, 1971, and 1976 were advanced refunded in 1973 and 1977 and have been defeased. These bonds had an outstanding balance of \$215,674,000 at the time they were refunded. Principal payments on all bond issues, including the issues refunded, total \$26,820,000. Outstanding bonds as of June 30, 1980, totalled \$990,100,000. The average annual interest cost on these bonds is 6.115 percent.

As of June 30, 1980, unexpended funds from the sale of bonds amounted to \$148,300,000 in addition to debt reserve, debt service, and interest funds which totalled \$163,067,000.

# Schedule of Bonds Outstanding (in thousands)

As of June 30, 1980

| Maturity Date<br>July 1   | 1950 Issue |       | 1967 Issue |        | 1973 Refunding Issue |       | 1973 Issue |         | 1974 Issue |         |
|---------------------------|------------|-------|------------|--------|----------------------|-------|------------|---------|------------|---------|
|                           | Int. Rate  | Amt.  | Int. Rate  | Amt.   | Int. Rate            | Amt.  | Int. Rate  | Amt.    | Int. Rate  | Amt.    |
| 1980                      | 2.70       | 245   | 4          | 150    | 5½                   | 680   | 5          | 825     | 6          | 100     |
| 1981                      | 2.70       | 255   | 4          | 150    | 5.4                  | 715   | 5          | 870     | 6          | 880     |
| 1982                      | 2.70       | 260   | 4.10       | 160*   | 5                    | 755   | 5          | 920     | 6          | 885     |
| 1983                      | 2.70       | 265   | 4.10       | 165*   | 5                    | 795   | 5          | 970     | 6          | 980     |
| 1984                      | 2.70       | 275   | 4.10       | 335*   | 5                    | 830   | 5          | 1,025   | 6          | 1,035   |
| 1985                      | 2.70       | 285   | 4.10       | 630*   | 5                    | 875   | 5.20       | 1,075   | 6          | 1,105   |
| 1986                      | 2.70       | 290   | 4.10       | 660*   | 5                    | 920   | 5.20       | 1,130   | 6          | 1,170   |
| 1987                      | 2.70       | 300   | 4.10       | 685*   | 5                    | 965   | 5.20       | 1,185   | 6          | 1,250   |
| 1988                      | 2.70       | 310   | 4.10       | 715*   | 5                    | 1,010 | 5.20       | 1,250   | 6          | 1,325   |
| 1989                      | 2.70       | 480   | 4.10       | 575*   | 5                    | 1,060 | 5¼         | 1,315   | 6.10       | 1,405   |
| 1990                      | 2.70       | 1,900 | 4.10       | 420*   |                      |       | 5¼         | 1,380   | 6.20       | 1,505   |
| 1991                      | 2.70       | 1,950 | 4.10       | 440*   |                      |       | 5.30       | 1,455   | 6¼         | 1,590   |
| 1992                      | 2.70       | 2,005 | 4.10       | 455*   |                      |       | 5.40       | 1,530   | 6.30       | 1,695   |
| 1993                      | 2.70       | 2,060 | 4.10       | 480*   |                      |       | 5.40       | 1,615   | 6.30       | 1,795   |
| 1994                      |            |       | 4.10       | 2,605* |                      |       | 5¾         | 1,700*  | 6.40       | 1,910   |
| 1995                      |            |       | 4.10       | 2,720* |                      |       | 5¾         | 1,795*  | 6.40       | 2,035   |
| 1996                      |            |       | 4.10       | 2,845* |                      |       | 5¾         | 1,900*  | 6.40       | 2,155   |
| 1997                      |            |       | 4.10       | 2,975* |                      |       | 5¾         | 2,010*  | 6½         | 2,295   |
| 1998                      |            |       | 4.10       | 3,105* |                      |       | 5¾         | 2,125*  | 6½         | 2,435   |
| 1999                      |            |       | 4.10       | 3,245* |                      |       | 5¾         | 2,245*  | 6½         | 2,590   |
| 2000                      |            |       | 4.10       | 3,395* |                      |       | 5¾         | 2,375*  | 6¾         | 2,750*  |
| 2001                      |            |       | 4.10       | 3,545* |                      |       | 5¾         | 2,510*  | 6¾         | 2,920*  |
| 2002                      |            |       | 4.10       | 3,705* |                      |       | 5¾         | 2,655*  | 6¾         | 3,110*  |
| 2003                      |            |       | 4.10       | 3,870* |                      |       | 5¾         | 2,810*  | 6¾         | 3,295*  |
| 2004                      |            |       | 4.10       | 4,045* |                      |       | 5¾         | 2,970   | 6¾         | 3,505*  |
| 2005                      |            |       | 4.10       | 4,230* |                      |       | 5¾         | 3,140*  | 6¾         | 3,730*  |
| 2006                      |            |       | 4.10       | 4,420* |                      |       | 5¾         | 3,325*  | 6¾         | 3,950*  |
| 2007                      |            |       |            |        |                      |       | 5¾         | 3,515*  | 6¾         | 4,205*  |
| 2008                      |            |       |            |        |                      |       | 5¾         | 3,715*  | 6¾         | 4,470*  |
| 2009                      |            |       |            |        |                      |       | 5¾         | 3,930*  | 6¾         | 4,745*  |
| 2010                      |            |       |            |        |                      |       | 5¾         | 4,155*  | 6¾         | 5,045*  |
| 2011                      |            |       |            |        |                      |       | 5¾         | 11,520* | 6¾         | 5,350*  |
| 2012                      |            |       |            |        |                      |       | 5¾         | 12,180* | 6¾         | 5,695*  |
| 2013                      |            |       |            |        |                      |       | 5¾         | 12,880* | 6¾         | 6,045*  |
| 2014                      |            |       |            |        |                      |       |            |         | 6¾         | 20,045* |
| 2015                      |            |       |            |        |                      |       |            |         |            |         |
| 2016                      |            |       |            |        |                      |       |            |         |            |         |
| 2017                      |            |       |            |        |                      |       |            |         |            |         |
| 2018                      |            |       |            |        |                      |       |            |         |            |         |
| 2019                      |            |       |            |        |                      |       |            |         |            |         |
| Total Outstanding         | 10,880     |       | 50,725     |        | 8,605                |       | 100,000    |         | 109,000    |         |
| Bonds Redeemed to 6/30/80 | 4,420      |       | 875        |        | 3,445                |       |            |         |            |         |
| Original Issue            | 15,300     |       | 51,600     |        | 12,050               |       | 100,000    |         | 109,000    |         |

\*Term Bonds

Bonds issued in 1949, 1971, and 1976 have been advanced refunded and are no longer a liability of Santee Cooper.



| 1977 Refunding |         | 1977 Issue |         | 1978 Issue |         | 1979A Issue |         | 1980A Issue |        | Total Principal Maturities | Accruing Interest | Total Debt Service |
|----------------|---------|------------|---------|------------|---------|-------------|---------|-------------|--------|----------------------------|-------------------|--------------------|
| Int. Rate      | Amt     | Int. Rate  | Amt.    | Int. Rate  | Amt.    | Int. Rate   | Amt.    | Int. Rate   | Amt.   |                            |                   |                    |
| 3.70           | 1,615   |            |         |            |         | 5.40        | 65      |             |        | 3,680                      | 54,923            | 58,603             |
| 4              | 2,405   |            |         | 4.20       | 100     | 5.40        | 70      | 8½          | 125    | 5,570                      | 60,313            | 65,883             |
| 4.15           | 2,500   | 4          | 420     | 4.30       | 200     | 5.40        | 70      | 8½          | 135    | 6,305                      | 60,052            | 66,357             |
| 4.30           | 2,595   | 4.10       | 410     | 4.40       | 895     | 5.40        | 575     | 8.60        | 145    | 7,795                      | 59,758            | 67,553             |
| 4.45           | 2,710   | 4.20       | 435     | 4½         | 780     | 5.45        | 955     | 8.60        | 680    | 9,060                      | 59,388            | 68,448             |
| 4.60           | 2,835   | 4.30       | 445     | 4.60       | 970     | 5½          | 985     | 8.70        | 740    | 9,945                      | 58,929            | 68,874             |
| 4¾             | 2,975   | 4.40       | 470     | 4.70       | 1,015   | 5½          | 1,025   | 8.80        | 800    | 10,455                     | 58,417            | 68,872             |
| 4.90           | 3,120   | 4½         | 490     | 4.80       | 1,070   | 5.55        | 1,065   | 8.90        | 875    | 11,005                     | 57,871            | 68,876             |
| 5              | 3,280   | 4.60       | 515     | 4.90       | 1,125   | 5.60        | 1,105   | 9           | 950    | 11,585                     | 57,287            | 68,872             |
| 5.10           | 3,450   | 4.70       | 540     | 5          | 1,200   | 5.70        | 1,150   | 9.1         | 1,035  | 12,210                     | 56,660            | 68,870             |
| 5.20           | 3,620   | 4.80       | 570     | 5.05       | 1,155   | 5¾          | 1,195   | 9.2         | 1,130  | 12,875                     | 55,993            | 68,868             |
| 5.30           | 3,830   | 4.90       | 590     | 5.10       | 1,220   | 5.85        | 1,240   | 9¼          | 1,235  | 13,550                     | 55,313            | 68,863             |
| 5.40           | 4,035   | 5          | 625     | 5.15       | 1,285   | 5.90        | 1,300   | 9.3         | 1,350  | 14,280                     | 54,585            | 68,865             |
| 5½             | 4,260   | 5.10       | 660     | 5.20       | 1,355   | 5.95        | 1,360   | 9.4         | 1,475  | 15,060                     | 53,803            | 68,863             |
| 5.60           | 4,480   | 5.20       | 720     | 5¼         | 1,440   | 6           | 1,425   | 9.45        | 1,615  | 15,895                     | 52,969            | 68,864             |
| 5.65           | 4,710   | 5.30       | 785     | 5.30       | 1,515   | 6.05        | 1,490   | 9½          | 1,765  | 16,815                     | 52,040            | 68,855             |
| 5.70           | 4,995   | 5.40       | 830     | 5.35       | 1,585   | 6.10        | 1,565   | 9.8         | 1,930* | 17,805                     | 51,049            | 68,854             |
| 5.70           | 5,265   | 5.45       | 890     | 5.40       | 1,670   | 6.20        | 1,645   | 9.8         | 2,120* | 18,870                     | 49,987            | 68,857             |
| 57/8           | 5,590*  | 5½         | 935     | 5.40       | 1,760   | 6.30        | 1,725   | 9.8         | 2,330* | 20,005                     | 48,851            | 68,856             |
| 57/8           | 5,915*  | 5½         | 1,005   | 5.70       | 1,850*  | 6.35        | 1,815   | 9.8         | 2,560* | 21,225                     | 47,632            | 68,857             |
| 57/8           | 6,275*  | 5.55       | 1,065   | 5.70       | 1,940*  | 6.40        | 1,915   | 9.8         | 2,810* | 22,525                     | 46,327            | 68,852             |
| 57/8           | 6,665*  | 5.60       | 1,130   | 5.70       | 2,045*  | 6.45        | 2,025   | 9.8         | 3,085* | 23,925                     | 44,929            | 68,854             |
| 57/8           | 7,050*  | 5.60       | 1,220   | 5.70       | 2,145*  | 6½          | 2,135   | 9.8         | 3,385* | 25,405                     | 43,438            | 68,843             |
| 6              | 7,490*  | 5¾         | 1,295*  | 5.70       | 2,260*  | 6½          | 2,260   | 101/8       | 3,720* | 27,000                     | 41,848            | 68,848             |
| 6              | 7,950*  | 5¾         | 1,380*  | 5.70       | 2,380*  | 6¾          | 2,390*  | 101/8       | 4,095* | 28,715                     | 40,129            | 68,844             |
| 6              | 8,450*  | 5¾         | 1,460*  | 5.70       | 2,500*  | 6¾          | 2,540*  | 101/8       | 4,510* | 30,560                     | 38,288            | 68,848             |
| 6              | 8,970*  | 5¾         | 1,570*  | 5.70       | 2,630*  | 6¾          | 2,695*  | 101/8       | 4,965* | 32,525                     | 36,321            | 68,846             |
| 6              | 9,400*  | 5¾         | 1,795*  | 5.70       | 7,385*  | 6¾          | 2,865*  | 101/8       | 5,470* | 34,635                     | 34,219            | 68,854             |
| 6              | 9,950*  | 5¾         | 1,945*  | 5.70       | 7,845*  | 6¾          | 3,010*  | 101/8       | 6,025* | 36,960                     | 31,898            | 68,858             |
| 6              | 10,565* | 5¾         | 2,080*  | 57/8       | 8,330*  | 6¾          | 3,160*  | 101/8       | 6,635* | 39,445                     | 29,413            | 68,858             |
| 6              | 11,210* | 5¾         | 2,225*  | 57/8       | 8,845*  | 67/8        | 3,335*  | 101/8       | 7,305* | 42,120                     | 26,739            | 68,859             |
| 6              | 4,980*  | 5¾         | 2,180*  | 57/8       | 9,390*  | 67/7        | 3,525*  |             |        | 36,945                     | 23,870            | 60,815             |
| 6              | 5,315*  | 5¾         | 2,300*  | 57/8       | 9,980*  | 67/8        | 3,720*  |             |        | 39,190                     | 21,629            | 60,819             |
| 6              | 5,625*  | 5¾         | 2,500*  | 57/8       | 10,590* | 67/8        | 3,925*  |             |        | 41,565                     | 19,251            | 60,816             |
| 6              | 6,010*  | 5¾         | 2,640*  | 57/7       | 11,250* | 67/8        | 4,140*  |             |        | 44,085                     | 16,729            | 60,814             |
| 6              | 9,515*  | 5¾         | 21,065* | 57/8       | 11,950* | 67/8        | 4,370*  |             |        | 46,900                     | 13,918            | 60,818             |
| 6              | 11,285* | 5¾         | 21,235* | 57/8       | 12,555* | 67/8        | 4,610*  |             |        | 49,685                     | 11,133            | 60,818             |
|                |         | 5¾         | 34,580* | 57/8       | 13,190* | 67/8        | 4,870*  |             |        | 52,640                     | 8,180             | 60,820             |
|                |         |            |         | 57/8       | 50,600* | 67/8        | 5,135*  |             |        | 55,735                     | 5,082             | 60,817             |
|                |         |            |         |            |         | 67/8        | 25,550* |             |        | 25,550                     | 1,756             | 27,306             |
| 210,890        |         | 115,000    |         | 200,000    |         | 110,000     |         | 75,000      |        | 990,100                    | 1,640,917         | 2,631,017          |
| 4,260          |         |            |         |            |         |             |         |             |        | 13,000                     |                   |                    |
| 215,150        |         | 115,000    |         | 200,000    |         | 110,000     |         | 75,000      |        | 1,003,100                  |                   |                    |

# Electric Statistics

| Fiscal Year  | 6/30/80   | 6/30/79   | 6/30/78   |
|--|-----------|-----------|-----------|
| Total Utility Plant — net including nuclear fuel (at year end) (in thousands of dollars) | 950,628   | 759,839   | 577,936   |
| Bonded Indebtedness (at year end) (in thousands of dollars)                              | 990,100   | 917,690   | 810,190   |
| Operating Revenues (in thousands of dollars)   |           |           |           |
| Residential  | 17,639    | 15,255    | 14,585    |
| Commercial   | 18,835    | 16,822    | 15,530    |
| Industrial   | 40,417    | 35,131    | 26,672    |
| Military   | 6,954     | 6,567     | 6,330     |
| Municipal  | 587       | 546       | 526       |
| Wholesale  | 65,997    | 59,975    | 54,101    |
| Other Electric Utilities*  | --        | --        | --        |
| Miscellaneous  | 1,364     | 1,401     | 1,236     |
| Total  | 151,793   | 135,697   | 118,980   |
| Operation & Maintenance Expenses Charged to Operations (in thousands of dollars)         | 109,997   | 103,928   | 88,144    |
| Payments in Lieu of Taxes Charged to Operations (in thousands of dollars)                | 928       | 726       | 658       |
| Payments to the State Charged to Reinvested Earnings (in thousands of dollars)           | 1,300     | 1,200     | 1,201     |
| Net Operating Revenues Available For Debt Service (in thousands of dollars)              | 46,732    | 35,958    | 33,796    |
| Reinvested Earnings*** (in thousands of dollars)   | 21,406    | 10,791    | 5,516     |
| Debt Service Coverage-Bonds  | 2.14      | 1.86      | 1.98      |
| Kilowatt Hour Sales (in thousands)   |           |           |           |
| Residential  | 472,495   | 443,186   | 446,247   |
| Commercial   | 511,726   | 506,243   | 489,437   |
| Industrial   | 1,890,415 | 1,788,087 | 1,441,494 |
| Military   | 306,582   | 316,537   | 323,763   |
| Municipal  | 17,506    | 16,966    | 16,670    |
| Wholesale  | 3,099,558 | 2,881,771 | 2,843,949 |
| Total  | 6,298,282 | 5,952,790 | 5,561,560 |



| 6/30/77   | 6/30/76   | 6/30/75   | 6/30/74   | 6/30/73   | 6/30/72   | 6/30/71   |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 437,162   | 355,971   | 277,976   | 223,633   | 166,261   | 146,841   | 138,541   |
| 495,190   | 481,210   | 383,050   | 383,905   | 175,720   | 180,649   | 81,624    |
| 10,801    | 9,109     | 8,354     | 4,910     | 4,266     | 3,736     | 3,495     |
| 12,439    | 10,738    | 9,665     | 5,703     | 4,833     | 4,330     | 3,730     |
| 21,557    | 19,357    | 20,929    | 11,349    | 9,624     | 8,662     | 8,442     |
| 5,049     | 4,754     | 4,564     | 2,834     | 2,410     | 2,314     | 2,359     |
| 422       | 391       | 257       | 217       | 196       | 200       | 170       |
| 42,265    | 36,215    | 32,038    | 16,512    | 13,594    | 11,724    | 9,587     |
| 975       | 507       | 1,021     | 4,220     | 5,196     | 4,132     | 5,070     |
| 1,219     | 1,168     | (1,516)   | 1,009     | 1,012     | 925       | 646       |
| 94,727    | 82,239    | 75,312    | 46,754    | 41,131    | 36,023    | 33,499    |
| 71,904    | 57,737    | 59,214    | 36,861    | 26,958    | 24,134    | 25,840    |
| 734       | 550       | 405       | 126       | 124       | 122       | 120       |
| 1,797     | 844       | 764       | 1,093     | 1,007     | 757       | 458       |
| 28,091    | 29,799    | 19,983    | 13,604    | 16,889    | 14,182    | 9,774     |
| 8,978     | 11,902    | 8,060     | 3,704     | 12,530    | 6,159     | 2,126     |
| 2.46      | 2.45      | 2.57      | 2.69      | 3.87      | 3.30      | 2.27      |
| 403,107   | 342,232   | 319,744   | 287,653   | 267,471   | 234,682   | 210,739   |
| 449,335   | 404,501   | 375,320   | 333,608   | 303,306   | 272,913   | 228,068   |
| 1,356,706 | 1,202,291 | 1,240,927 | 1,255,888 | 1,181,805 | 1,087,860 | 1,021,949 |
| 302,789   | 301,172   | 291,632   | 284,449   | 285,440   | 276,655   | 272,902   |
| 15,495    | 14,381    | 13,075    | 10,690    | 9,687     | 10,001    | 8,361     |
| 2,576,794 | 2,220,559 | 2,018,602 | 1,795,621 | 1,575,921 | 1,306,992 | 1,355,062 |
| 5,104,226 | 4,485,136 | 4,259,300 | 3,967,909 | 3,623,630 | 3,189,103 | 3,097,081 |

| Fiscal Year  | 6/30/80 | 6/30/79 | 6/30/78 |
|--|---------|---------|---------|
| Number of Customers (at year end)                              |         |         |         |
| Residential  | 40,053  | 38,058  | 35,590  |
| Commercial   | 9,236   | 8,859   | 8,466   |
| Industrial   | 24      | 21      | 20      |
| Military   | 3       | 3       | 3       |
| Municipal  | 212     | 207     | 197     |
| Wholesale  | 3       | 3       | 3       |
| Total  | 49,531  | 47,151  | 44,279  |
| Residential Statistics (Average)                               |         |         |         |
| Kwh Customer   | 12,151  | 12,097  | 13,174  |
| Cents/Kwh  | 3.73    | 3.44    | 3.27    |
| Generating Capability (year end)<br>(megawatts)                | 1,736   | 1,456   | 1,400   |
| Power Requirements and Supply:<br>(kilowatt hours in millions) |         |         |         |
| Generation-Hydro   | 824     | 680     | 702     |
| Steam  | 5,800   | 5,343   | 5,238   |
| Combustion Turbine   | 10      | 6       | 38      |
| Total  | 6,634   | 6,029   | 5,978   |
| Purchases, Net Interchange, Etc.                               | 193     | 429     | 95      |
| Total  | 6,827   | 6,458   | 6,073   |
| Calendar Year  | 1979    | 1978    | 1977    |
| System Peak Loads (megawatts)**                                | 1,352   | 1,231   | 1,161   |

( ) Denotes Negative

\*Effective July 1, 1977 Interchange sales were reclassified as a credit to purchased power.

\*\*A new system peak demand, 1508, occurred in August, 1980.

\*\*\*Reinvested earnings, refer to above and on pages 28, 29, and 30, reflects revenue available to meet Santee Cooper's bond indenture and board resolution requirements.

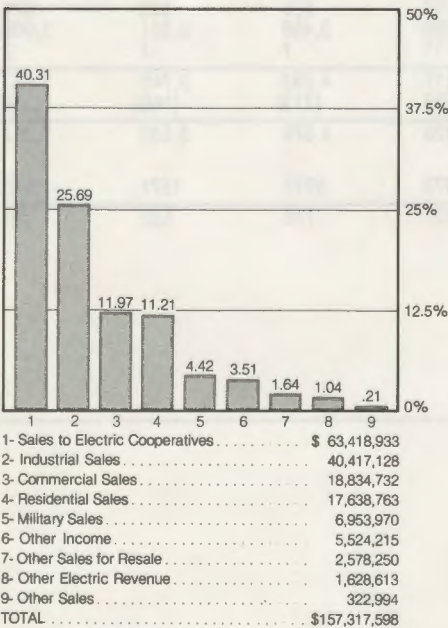


| 6/30/77 | 6/30/76 | 6/30/75 | 6/30/74 | 6/30/73 | 6/30/72 | 6/30/71 |
|---------|---------|---------|---------|---------|---------|---------|
| 32,513  | 30,738  | 28,580  | 26,958  | 25,254  | 23,620  | 22,010  |
| 8,102   | 7,558   | 7,280   | 7,122   | 6,760   | 6,295   | 5,908   |
| 19      | 21      | 21      | 20      | 21      | 20      | 21      |
| 3       | 3       | 3       | 3       | 3       | 3       | 3       |
| 189     | 183     | 163     | 144     | 119     | 114     | 118     |
| 3       | 3       | 4       | 4       | 4       | 4       | 4       |
| 40,829  | 38,506  | 36,051  | 34,251  | 32,161  | 30,056  | 28,064  |
| 12,832  | 11,551  | 11,487  | 11,060  | 11,018  | 10,256  | 9,699   |
| 2.68    | 2.66    | 2.61    | 1.71    | 1.59    | 1.59    | 1.66    |
| 1,120   | 1,120   | 1,092   | 792     | 772     | 732     | 732     |
| 715     | 739     | 784     | 707     | 826     | 823     | 677     |
| 4,402   | 3,779   | 3,012   | 3,399   | 3,459   | 2,921   | 3,008   |
| 21      | 2       | 11      | 11      | 7       | 1       | 2       |
| 5,138   | 4,520   | 3,807   | 4,117   | 4,292   | 3,745   | 3,687   |
| 474     | 429     | 882     | 303     | (213)   | (160)   | (330)   |
| 5,612   | 4,949   | 4,689   | 4,420   | 4,079   | 3,585   | 3,357   |
| 1976    | 1975    | 1974    | 1973    | 1972    | 1971    | 1970    |
| 1,065   | 943     | 911     | 829     | 736     | 622     | 600     |

# The Revenue Dollar

Forty percent of Santee Cooper's revenue was generated by power sales to 15 of the state's 20 electric cooperatives for distribution to the more than 220,000 customers which they serve. About 23 percent was derived from retail and another 26 percent from industrial customers. The remaining 11 percent was obtained from power sales to municipalities, military bases, and other revenues.

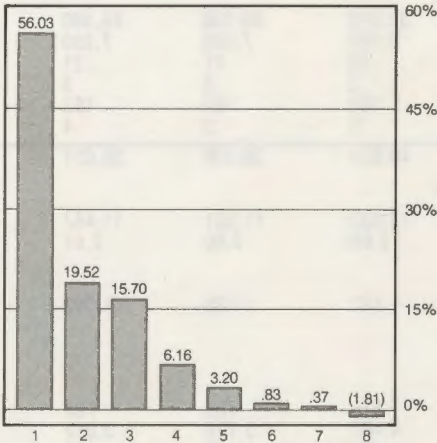
Based on new industrial loads scheduled and historical load growth, sales to the industrial customers will replace sales to the electric cooperatives as the major source of revenue.



Revenue Dollar  
Source of Income

## Average Residential Consumption:

The average residential consumption of electricity by customers served directly by Santee Cooper was 12,151 kilowatt-hours, an increase of about .4 percent, as compared to an 8.18 percent decrease the previous year.



|  |               |
|--|---------------|
| 1- Fuel for Generation                   | \$ 88,143,088 |
| 2- Additions to Plant, Inventories, etc. | 30,698,680    |
| 3- Operation and Maintenance             | 24,695,212    |
| 4- Interest, Net                         | 9,694,196     |
| 5- Retirement of Debt                    | 5,039,193     |
| 6- Payment to State of South Carolina    | 1,300,145     |
| 7- Sums in Lieu of Taxes                 | 588,199       |
| 8- Purchase Power                        | (2,841,115)   |
| TOTAL                                    | \$157,317,598 |

Revenue Dollar  
Distribution of Income



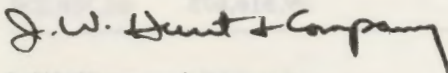
# Auditors' Opinion

August 26, 1980

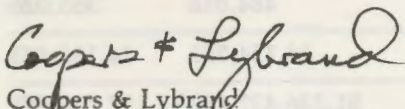
The Advisory Board  
and Board of Directors  
South Carolina Public  
Service Authority  
Columbia, South Carolina

We have made joint examinations of the balance sheets of the South Carolina Public Service Authority at June 30, 1980 and 1979, and the related statements of reinvested earnings, accumulated earnings reinvested in the business and changes in financial position for the years ended. Our joint examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned financial statements examined jointly by us present fairly the financial position of the South Carolina Public Service Authority at June 30, 1980 and 1979, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



J. W. Hunt and Company  
Columbia, South Carolina



Coopers & Lybrand  
Atlanta, Georgia

# Balance Sheets

June 30, 1980 and 1979

| Assets  | 1980                   | 1979                   |
|---|------------------------|------------------------|
| <b>Utility Plant — At Cost (Note 1):</b>  |                        |                        |
| Electric plant in service   | \$ 675,121,568         | \$ 476,881,954         |
| Construction work in progress   | 369,348,556            | 363,497,952            |
| <b>Total</b>  | <b>1,044,470,124</b>   | <b>840,379,906</b>     |
| Less, accumulated depreciation  | 112,541,568            | 98,213,047             |
| <b>Electric plant — net</b>   | <b>931,928,556</b>     | <b>742,166,859</b>     |
| Nuclear fuel (Note 3)   | 18,699,741             | 17,672,416             |
| <b>Utility plant — net</b>  | <b>950,628,297</b>     | <b>759,839,275</b>     |
| <b>Other Physical Property (Net of Accumulated Depreciation)</b>                      | <b>460,073</b>         | <b>482,733</b>         |
| <b>Unexpended Funds From Sale of Electric System Expansion Revenue Bonds (Note 2)</b> | <b>148,300,048</b>     | <b>208,763,668</b>     |
| <b>Debt Service and Other Special Funds (Note 2)</b>                                  | <b>163,067,305</b>     | <b>170,118,148</b>     |
| <b>Current Assets:</b>  |                        |                        |
| Cash and securities:  |                        |                        |
| Held by trustee   | 8,155,645              | 7,207,020              |
| Other   | 7,726,502              | 2,461,961              |
| Accounts receivable, less allowance for uncollectible accounts                        | 15,790,976             | 13,135,282             |
| Accrued interest receivable   | 398,753                | 828,206                |
| Inventories, at average cost:   |                        |                        |
| Fuel (coal and oil)   | 24,232,534             | 17,750,329             |
| Materials and supplies  | 3,061,678              | 2,635,766              |
| Other   | 450,587                | 369,690                |
| <b>Total current assets</b>   | <b>59,816,675</b>      | <b>44,388,254</b>      |
| <b>Deferred Debits:</b>   |                        |                        |
| Unamortized debt expense (Note 1)   | 3,697,726              | 3,459,109              |
| Unamortized loss on reacquired debt (Note 1)  | 9,973,043              | 10,354,288             |
| Other   | 484,016                | 353,026                |
| <b>Total deferred debits</b>  | <b>14,154,785</b>      | <b>14,166,423</b>      |
| <b>Total</b>  | <b>\$1,336,427,183</b> | <b>\$1,197,758,501</b> |

The accompanying notes are an integral part of the Financial Statements.



| Liabilities  | 1980                   | 1979                   |
|--|------------------------|------------------------|
| <b>Long-Term Debt (Note 4):</b>                      |                        |                        |
| Priority obligations                                 | \$ 72,072,356          | \$ 73,492,809          |
| Electric System Expansion Revenue Bonds              | 919,890,000            | 846,455,000            |
| Capitalized lease obligations                        | 86,077,282             | 88,056,022             |
| Bank credit agreement                                | 50,000,000             | 25,000,000             |
| Other  | 300,000                | 375,000                |
| Total long-term debt                                 | 1,128,339,638          | 1,033,378,831          |
| Less, unamortized debt discount and premium<br>— net | 15,466,791             | 14,130,012             |
| Long-term debt — net                                 | 1,112,872,847          | 1,019,248,819          |
| Accrued interest on long-term debt                   | 29,387,048             | 25,233,802             |
| Construction Fund Liabilities — Accounts<br>Payable  | 20,448,863             | 16,044,938             |
| <b>Current Liabilities:</b>                          |                        |                        |
| Accounts Payable                                     | 13,284,925             | 7,469,520              |
| Customer deposits                                    | 2,417,646              | 2,072,866              |
| Accrued sums in lieu of taxes                        | 405,884                | 353,304                |
| Other  | 427,079                | 146,509                |
| Total current liabilities                            | 16,535,534             | 10,042,199             |
| <b>Commitments (Note 7)</b>                          |                        |                        |
| <b>Deferred Credits:</b>                             |                        |                        |
| Unamortized gain on reacquired debt (Note 1)         | 1,401,358              | 1,687,110              |
| Nuclear fuel settlement (Note 3)                     | 10,173,645             | --                     |
| Total deferred credits                               | 11,575,003             | 1,687,110              |
| Capital Contributions — U.S. Government<br>Grants    | 34,438,264             | 34,438,264             |
| Accumulated Earnings Reinvested in the Business      | 111,169,624            | 91,063,369             |
| <b>Total</b>   | <b>\$1,336,427,183</b> | <b>\$1,197,758,501</b> |

# Statements of Reinvested Earnings

Years Ended June 30, 1980 and 1979

|  | 1980                 | 1979                 |
|--|----------------------|----------------------|
| <b>Operating Revenues:</b>   |                      |                      |
| Sales of electricity   | \$150,428,642        | \$134,296,072        |
| Other operating revenues   | 1,364,741            | 1,401,354            |
| <b>Total operating revenues</b>  | <b>151,793,383</b>   | <b>135,697,426</b>   |
| <b>Operating Expenses:</b>   |                      |                      |
| <b>Operation expense:</b>  |                      |                      |
| Production   | 93,325,069           | 84,529,074           |
| Purchased and interchanged power — net   | (2,841,115)          | 2,109,654            |
| Transmission   | 1,369,954            | 1,242,108            |
| Distribution   | 809,891              | 729,969              |
| Customer accounts  | 1,297,428            | 1,271,731            |
| Sales  | 242,216              | 214,227              |
| Administrative and general   | 4,663,853            | 3,642,924            |
| Maintenance expense  | 11,129,889           | 10,188,449           |
| <b>Total operation and maintenance expense</b>                                       | <b>109,997,185</b>   | <b>103,928,136</b>   |
| Depreciation   | 14,574,923           | 12,433,947           |
| Sums in lieu of taxes  | 928,098              | 726,315              |
| <b>Total operating expenses</b>  | <b>125,500,206</b>   | <b>117,088,398</b>   |
| <b>Operating Income</b>  | <b>26,293,177</b>    | <b>18,609,028</b>    |
| <b>Other Income:</b>   |                      |                      |
| Interest income  | 31,152,554           | 26,879,580           |
| Allowance for funds used during construction<br>— other than borrowed funds (Note 1) | 44,425               | 1,084,631            |
| Other — net  | (52,316)             | 132,398              |
| <b>Total other income</b>  | <b>31,144,663</b>    | <b>28,096,609</b>    |
| <b>Total</b>   | <b>57,437,840</b>    | <b>46,705,637</b>    |
| <b>Interest Charges:</b>   |                      |                      |
| Interest on long-term debt   | 59,597,774           | 49,609,758           |
| Allowance for funds used during construction<br>— borrowed funds (Note 1)            | (24,415,117)         | (14,415,741)         |
| Other  | 848,783              | 721,090              |
| <b>Total interest charges</b>  | <b>36,031,440</b>    | <b>35,915,107</b>    |
| <b>Reinvested Earnings</b>   | <b>\$ 21,406,400</b> | <b>\$ 10,790,530</b> |

The accompanying notes are an integral part of the Financial Statements.



# Statements of Changes in Financial Position

Years Ended June 30, 1980 and 1979

|  | 1980                | 1979                |
|--|---------------------|---------------------|
| <b>Funds Provided By:</b>  |                     |                     |
| Operations:  |                     |                     |
| Reinvested earnings  | \$ 21,406,400       | \$ 10,790,530       |
| Charges (credits) to reinvested earnings,<br>not providing or requiring funds: |                     |                     |
| Depreciation   | 14,574,923          | 12,433,947          |
| Allowances for funds used during<br>construction                               | (24,459,542)        | (15,500,372)        |
| Amortization of debt discount and<br>expense                                   | 621,302             | 547,539             |
| Amortization of loss on reacquired debt<br>— net                               | 95,493              | 76,944              |
| Total from operations  | 12,238,576          | 8,348,588           |
| Sale of bonds  | 75,000,000          | 110,000,000         |
| Capitalized lease obligations  | --                  | 21,545,286          |
| Bank loans   | 25,000,000          | 25,000,000          |
| Decrease in unexpected funds from sale of<br>Electric System Expansion         |                     |                     |
| Revenue Bonds  | 60,463,620          | 8,494,371           |
| Decrease (increase) in debt service and other<br>special funds                 | 7,050,843           | (15,519,686)        |
| Increase in accrued interest on long-term debt                                 | 4,153,246           | 17,125,117          |
| Increase in construction fund liabilities                                      | 4,403,925           | 14,079,607          |
| Nuclear fuel settlement  | 10,173,645          | --                  |
| Total funds provided   | 198,483,855         | 189,073,283         |
| <b>Funds Applied To:</b>   |                     |                     |
| Increase in utility plant and other physical<br>property                       | 180,881,743         | 178,829,360         |
| Retirement of long-term debt   | 3,060,453           | 4,213,033           |
| Principal payments — capitalized lease<br>obligations                          | 1,978,740           | 1,693,906           |
| Distributions to the State of South Carolina                                   | 1,300,145           | 1,200,380           |
| Addition to unamortized debt discount and<br>expense                           | 2,196,698           | 2,030,644           |
| Other  | 130,990             | (26,560)            |
| Total funds applied  | 189,548,769         | 187,940,763         |
| <b>Increase in Working Capital</b>   | <b>\$ 8,935,086</b> | <b>\$ 1,132,520</b> |

Continued

1980

1979

**Increase (Decrease) in Working Capital by****Component:**

## Cash and securities:

Held by trustee

\$ 948,625 \$ (104,404)

Other

5,264,541 (3,432,301)

Accounts receivable, less allowance for  
uncollectible accounts

2,655,694 697,223

Accrued interest receivable

(429,453) (112,725)

Inventories

6,908,117 2,394,528

Other current assets

80,897 (24,487)

Accounts payable

(5,815,405) 2,058,904

Customer deposits

(344,780) (581,629)

Accrued sums in lieu of taxes

(52,580) (55,521)

Other current liabilities

(280,570) 292,932

Increase in working capital

\$ 8,935,086 \$ 1,132,520

*The accompanying notes are an integral part of the Financial Statements.***Statements of Accumulated Earnings  
Reinvested in the Business**

1980

1979

Accumulated earnings reinvested in the business

— beginning of period

\$ 91,063,369 \$81,473,219

Reinvested earnings for the period

21,406,400 10,790,530

Total

112,469,769 92,263,749

Distribution to the State of South Carolina

1,300,145 1,200,380

Accumulated earnings reinvested in the business

— end of period

\$111,169,624 \$91,063,369

*The accompanying notes are an integral part of the Financial Statements.*



# Notes to Financial Statements

June 30, 1980

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## Note 1 — Summary of Significant Accounting Policies:

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A — System of Accounts — The accounting records of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). See Note F below relating to calculation of allowance for funds used during construction.

B — Utility Plant Capitalization and Maintenance — Additions to plant are recorded at cost, which include material, labor, overhead and allowance for funds used during construction. The costs of current repairs and minor replacements are charged to appropriate operating expense and clearing accounts. Costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal less salvage are charged to accumulated depreciation.

C — Depreciation — Depreciation is provided on a straight line basis over the estimated useful lives of the various classes of the plant. Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were approximately 3.11% and 3.05% for 1980 and 1979, respectively.

Effective January 1, 1980, depreciation rates were revised to conform to a recent depreciation study which increased depreciation expense by approximately \$1,168,000 for the year ended June 30, 1980.

D — Operating Revenues and Energy Costs — Revenues from sale

of electric energy, including amounts resulting from application of fuel adjustment clauses, are recorded as meters are read. Fuel costs are reflected in operating expenses as consumed.

E — Pension Costs — Employees of the Authority are covered by a State Pension Plan administered by the South Carolina State Retirement System which provides for employee and Authority contributions. Contribution rates are fixed by State statutes. The Authority's contributions to the State Pension Plan were \$1,053,000 and \$822,000 for the years ended June 30, 1980 and 1979, respectively.

F — Allowance for Funds Used During Construction — The allowance for funds used during construction (AFUDC) reflects the cost for the period of capital devoted to plant under construction, including nuclear fuel. This cost represents interest charges on borrowed funds and a reasonable rate of return on other funds used to finance plant additions during construction periods and is capitalized in the same manner as construction labor and material costs.

Construction projects are substantially financed by identifiable borrowings, and AFUDC on specific construction projects is calculated using the effective interest rates of the respective borrowings. AFUDC for other funds utilized was calculated based on the Authority's average rate of return for the last three years.

G — Amortization — Unamortized debt discount, premium and expense are being amortized over the lives of the related debt issues. Unamortized gains and losses on reacquired debt are being amortized over the respective lives of the refunding debt issues.

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**Note 2 — Unexpended Funds From Sale of Expansion Bonds and Debt Service and Other Special Funds:**

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Unexpended funds from the sale of expansion bonds, debt service funds and other special funds are held and maintained by trustees and their use restricted in accordance with applicable provisions of various trust indentures, bond resolutions, lease agreements and the Enabling Act included in the South Carolina law. Such funds consist principally of investments in government securities carried at amortized cost.

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**Note 3 — Summer Nuclear Station:**

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The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own the Summer Nuclear Station presently under construction as tenants in common with undivided interest of 33-1/3% and 66-2/3%, respectively. SCE&G, as agent for itself and the Authority, is solely responsible for the design, construction, operation, maintenance and decommissioning of the Summer Plant and the Authority is obligated to pay its ownership share of all costs relating thereto. At June 30, 1980 and 1979, construction work in progress included approximately \$245,086,000 and \$202,000,000, respectively, representing the Authority's investment, including AFUDC, in the Summer Plant. Nuclear fuel represents the Authority's investment in fuel acquired for the plant and is adequate to complete the initial core consisting of three regions of fuel.

The supplier under the original uranium supply contract breached the contract in 1975 due to uranium market conditions. SCE&G initiated action seeking specific performance of

the contract provisions, and a final settlement was reached and approved by all parties in April, 1980. By terms of the order approving the settlement, the court imposed confidentiality upon the details of the settlement. The Authority has received approximately \$10,000,000 in cash as partial settlement of the lawsuit. Additionally, the agreement provides for delivery of some uranium, long-term deliveries of equipment and services (including fuel fabrication) at a discount, and the prospect of additional cash payments pending the outcome of litigation between the supplier and a group of uranium producers.

Amounts received have been included in deferred credits and will be applied as a reduction of uranium fuel costs once the plant begins operation consistent with SCE&G's treatment pursuant to an order from the South Carolina Public Service Commission.



**Note 4 — Long-Term Debt Outstanding:**

**Priority Obligations:**

|  |                   |                   |
|--|-------------------|-------------------|
| Electric Revenue Bonds, Series of 1950,<br>bearing interest at 2.70% and due 1980<br>to 1993                 | \$ 10,880,000     | \$ 11,120,000     |
| Electric Revenue Bonds, Series of 1967,<br>bearing interest at 4% and 4.10% and<br>due 1980 to 1981 and 2006 | 50,725,000        | 50,865,000        |
| Electric Revenue Bonds, Refunding Series of<br>1973, bearing interest from 5% to 5½%<br>and due 1980 to 1989 | 8,605,000         | 9,250,000         |
| Contract Obligations, payable 1980 to 1985   | 1,862,356         | 2,257,809         |
| <b>Total Priority Obligations</b>  | <b>72,072,356</b> | <b>73,492,809</b> |

**Electric System Expansion Revenue Bonds:**

|  |             |             |
|--|-------------|-------------|
| Expansion Bonds, 1973 Series, bearing<br>interest from 5% to 5¾% and due 1980<br>to 1993 and 2013                      | 100,000,000 | 100,000,000 |
| Expansion Bonds, 1974 Series, bearing<br>interest from 6% to 6¾% and due 1980<br>to 1999 and 2014                      | 109,000,000 | 109,000,000 |
| Expansion Bonds, 1977 Refunding Series,<br>bearing interest from 3.70% to 6% and<br>due 1980 to 1997 and 2002 and 2016 | 210,890,000 | 212,455,000 |
| Expansion Bonds, 1977 Series, bearing<br>interest from 4% to 5¾% and due 1982<br>to 2002 and 2017                      | 115,000,000 | 115,000,000 |
| Expansion Bonds, 1978 Series, bearing<br>interest from 4.20% to 5 7/8% and due<br>1981 to 1998 and 2008 and 2018       | 200,000,000 | 200,000,000 |
| Expansion Bonds, 1979 Series A, bearing<br>interest from 5.40% to 6 7/8% and due<br>1980 to 2003 and 2009 and 2019     | 110,000,000 | 110,000,000 |
| Expansion Bonds, 1980 Series A, bearing<br>interest from 8½% to 10 1/8% and due<br>1981 to 1995 and 2002 and 2010      | 75,000,000  | --          |

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| <b>Total Expansion Bonds</b> | <b>919,890,000</b> | <b>846,455,000</b> |
|------------------------------|--------------------|--------------------|

|   |            |            |
|---|------------|------------|
| Capitalized Subordinated Lease Contracts,<br>payable 1980 to 2014 | 86,077,282 | 88,056,022 |
|---|------------|------------|

|                       |            |            |
|-----------------------|------------|------------|
| Bank Credit Agreement | 50,000,000 | 25,000,000 |
|-----------------------|------------|------------|

|       |         |         |
|-------|---------|---------|
| Other | 300,000 | 375,000 |
|-------|---------|---------|

|                             |                        |                        |
|-----------------------------|------------------------|------------------------|
| <b>Total long-term debt</b> | <b>\$1,128,339,638</b> | <b>\$1,033,378,831</b> |
|-----------------------------|------------------------|------------------------|

The Authority utilizes proceeds of debt issues primarily in financing its construction program.

On June 19, 1980, the Authority authorized the issuance of \$50,000,000 Electric Revenue Notes, 1980, bearing interest at 5½ % and due December 1, 1983. The note issue was closed July 8, 1980, and the proceeds were deposited in the Authority's general improvement fund.

The Electric System Expansion Revenue Bonds, 1971 and 1976 Series, were advance refunded and defeased in 1977 by issuance of 1977 Refunding Series Bonds and Special Obligation Refunding Series Bonds. The principal amount of the refunded bonds and Special Obligation Bonds remaining outstanding at June 30, 1980, totaled \$247,735,000. Such bonds will be retired as they mature from the proceeds of Government Obligations held by the Refunding Trustee.

The Authority's bond indentures provide for certain restrictions, the most significant of which are:

The Authority covenants to establish rates and charges adequate to provide revenues sufficient, among other things, to pay debt service when due on the priority obligations and expansion bonds, to make required payments when due into the lease fund and the capital improvement fund, and to pay the costs of operation and maintenance of the Authority's electric system and all necessary repairs, replacements and renewals thereof.

The Authority is presently required to pay annually into its capital improvement fund an amount which, together with the amounts deposited therein in the two preceding fiscal years, is at

least equal to 8% of the Authority's gross revenues (as defined) in the three preceding fiscal years.

The Authority may issue additional parity expansion bonds if, among other things, the Authority's Consulting Engineer certifies that net revenues (as defined) in each succeeding fiscal year after the date on which such additional bonds are sold to and including the later of (a) the third succeeding full fiscal year after such date or (b) the first full fiscal year after the estimated date of commercial operation of any power plant to pay the cost of construction of which additional expansion bonds have been, are being or are then authorized to be issued, shall be at least equal to the sum of the amounts required in such fiscal year for (i) debt service on the priority obligations and the expansion bonds then outstanding, being issued, or authorized but not yet issued (ii) payments into the lease fund, and (iii) payments into the capital improvement fund.

Maturities of priority obligations and expansion bonds during the years ended June 30, 1981 through 1985, are as follows:

|               |             |
|---------------|-------------|
| June 30, 1981 | \$4,079,209 |
| June 30, 1982 | 5,976,891   |
| June 30, 1983 | 6,719,728   |
| June 30, 1984 | 8,216,017   |
| June 30, 1985 | 9,479,051   |

The contract obligations included above arose through an agreement to purchase certain transmission lines (generally known as the "A-B" System) from Central Electric Power Cooperative, Inc. Principal and



interest at 2% per annum are payable in semiannual installments. See Note 6 for details concerning long-term lease obligations.

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**Note 5 — Bank Credit Agreement:**

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The Authority has a credit agreement with several banks which expires in 1982. The participating banks agreed to loan to the Authority from time to time up to \$50,000,000 at a fluctuating rate per annum equal to 40% of the prime commercial rate of one of the major lending banks, plus 2% per annum (7.6% at June 30, 1980). The proceeds from such borrowing must be used solely for plant construction.

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**Note 6 — Long Term Lease Commitments:**

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The Authority has lease contracts with Central Electric Power Cooperative, Inc., covering a steam electric generation plant, transmission facilities and various other facilities. The lease terms range from fifteen to thirty-five years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Electrification Administration for funds borrowed to construct the above mentioned facilities. The Authority has an option to purchase the leased properties at any time during the period of the lease agreement for a sum equal to Central's indebtedness remaining outstanding on the property involved at the time the option is exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases. In addition, the Authority and Central are parties to a power

contract which provides that the Authority will provide and Central will purchase all of its energy requirements less amounts which Central purchases directly from the Southeastern Power Administration through October 1987. Revenues received from Central approximated \$63,419,000 and \$57,806,000 for the years ended June 30, 1980 and 1979, respectively.

Future minimum lease payments on Central leases at June 30, 1980, were:

| Years ending June 30:                            | Amount        |
|--|---------------|
| 1981   | \$ 5,263,884  |
| 1982   | 5,387,057     |
| 1983   | 5,508,735     |
| 1984   | 5,515,113     |
| 1985   | 5,503,340     |
| Thereafter                                       | 119,159,119   |
| Total minimum lease payments                     | 146,337,248   |
| Less, amounts representing interest              | 56,259,966    |
| Present value of net minimum lease payments      | 90,077,282    |
| Less, approved loans not yet advanced to Central | 4,000,000     |
| Balance at June 30, 1980                         | \$ 86,077,282 |

Leases, other than Central leases, are not material.

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**Note 7 — Commitments:**

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The Authority's Construction Budget, as adjusted for known changes, provides for expenditures (principally consisting of generating facilities — Winyah #4, Summer Plant, Cross #2, Cross #1 and other construction) of approximately \$274,900,000 during the fiscal year ending June 30, 1981, and \$825,100,000 during later years.

## State Ownership

Santee Cooper is an electric utility owned by the State of South Carolina and was established in 1934 as the South Carolina Public Service Authority. This ownership is unique because the state has no investment in the Authority but still owns all its properties and assets. The original financing (1938-1942) was by a loan and grant from the United States Administration, with subsequent major additions funded partly by earnings but primarily by revenue bonds sold to private investors.

The South Carolina Public Service Authority was established by Act No. 887 of the Acts of the General Assembly of South Carolina in 1934 for the purpose of developing the Cooper, Santee, and Congaree Rivers as instrumentalities of interstate and intrastate commerce; for the production, distribution and sale of electric power; the reclamation and drainage of swampy and flooded land; and the reforestation of lands around its lakes. Originally known as the Santee-Cooper Hydroelectric and Navigation Project, the organization is commonly referred to as Santee Cooper.

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